

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF EQUITABLE)	CASE NO. 92-326-M
GAS COMPANY)	

O R D E R

On April 12, 1993, in Case No. 92-326, the Commission approved certain adjusted rates for Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On April 3, 1996, Equitable filed its GCA to be effective May 1, 1996 through July 31, 1996.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Equitable's notice of April 3, 1996 proposed revised rates designed to pass on expected increased wholesale gas costs to its customers. Equitable's proposed expected gas cost ("EGC") is \$7.7976 per Mcf, which includes a surcharge component of 80.54 cents per Mcf relating to the settlement of Kentucky West Virginia Gas Company Docket No. TQ 89-1-46-000, et al. before the Federal Energy Regulatory Commission. Equitable's proposal was based on March 1, 1996 prices for Appalachian gas. Using an April index of

\$3.06 per Dth for Appalachian gas, as opposed to the \$4.56 per Dth used by Equitable, produces an EGC of \$5.9147.

2. Equitable's notice of April 3, 1996 set out a current quarter actual adjustment ("AA") of 55.79 cents per Mcf to collect under-recovered gas cost from November and December 1995 and January 1996. Equitable's total AA of 30.43 cents per Mcf reflects the current under-recovery as well as over- and under-recoveries from previous quarters.

3. Equitable's notice set out a current quarter balancing adjustment ("BA") of (1.38) cents per Mcf. Equitable's total BA is 2.51 cents per Mcf.

4. These adjustments produce a revised gas cost recovery ("GCR") rate of \$6.2441 per Mcf, \$2.3530 per Mcf more than its prior GCR rate.

5. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective for final meter readings on and after May 1, 1996.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Equitable are hereby denied.

2. The rates in the Appendix to this Order are fair, just, and reasonable and are effective for final meter readings on and after May 1, 1996.

3. Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of May, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-326-M DATED MAY 1, 1996.

The following rates and charges are prescribed for the customers in the area served by Equitable Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

Customer Charge		\$4.45		
		<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First	2 Mcf	\$1.0399	\$6.2441	\$7.2840 per Mcf
Next	18 Mcf	.8178	6.2441	7.0619 per Mcf
Next	30 Mcf	.7179	6.2441	6.9620 per Mcf
Next	50 Mcf	.6290	6.2441	6.8731 per Mcf
All Over	100 Mcf	.5513	6.2441	6.7954 per Mcf

The minimum bill shall be \$4.45.

The above rates include recovery of a Kentucky West Virginia Gas Company surcharge of 61.4 cents per Dth pursuant to the settlement of Docket No. TQ 89-1-46, et. al. before the Federal Energy Regulatory Commission.